

# Annual General Meeting 2009

The annual general meeting ("AGM") will be held on Thursday 30 July 2009 at 12 noon at The Chartered Accountants' Hall, One Moorgate Place, London EC2. The Notice of Annual General Meeting appears on pages 6 to 8 of this document and includes a map of the venue. Peter Ewins, the Lead Manager, will give a presentation covering progress in the year to date and his views on the market for the rest of the year. There will be an opportunity to ask questions during the AGM and shareholders will be able to meet the Directors and the Lead Manager more informally over refreshments following the meeting. In addition to the ordinary business of the meeting, the resolutions numbered 8 to 11 are proposed as special business and are explained below.

## **Authority to allot shares (Resolution 8)**

Resolution 8 is similar in content to the authority and power given to the Directors at previous AGMs. By law, directors are not permitted to allot new shares (or to grant rights over shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or granting rights over shares) for cash without first offering them to existing shareholders in proportion to their holdings. Resolution 8 gives the Directors, for the period until the conclusion of the AGM in 2010, the necessary authority to allot securities up to an aggregate nominal amount of £523,300 (2,093,200 ordinary shares). This is equivalent to approximately 5% of the issued ordinary share capital of the Company at the date of this document. It also empowers the Directors to allot such securities for cash, otherwise than to existing shareholders on a pro-rata basis. This resolution also permits the Directors to sell treasury shares without first offering them to existing shareholders in proportion to their holdings. This authority and power provides the Directors with a degree of flexibility

to increase the assets of the Company by the issue of new shares or the sale of treasury shares should any favourable opportunities arise to the advantage of shareholders.

The Directors will, if necessary, use this authority to satisfy demand from participants in the various F&C plans when they believe it is advantageous to plan participants and the Company's shareholders to do so.

Under no circumstances would the Directors use the authority and power to dilute the interests of existing shareholders by issuing shares or selling treasury shares at a price which is less than the net asset value attributable to the shares at the time of issue.

## **Authority for the Company to purchase its own shares (Resolution 9)**

Resolution 9 authorises the Company to purchase up to a maximum of 6,275,700 ordinary shares (equivalent to approximately 14.99% of the issued share capital) in the market at a minimum price of 25p per share and a maximum price per share (exclusive of expenses) of 5% above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately before the date of purchase. The Directors intend to continue using this authority with the objective of keeping the discount at close to 5% in normal market conditions, as well as enhancing the net asset value per share for continuing shareholders. Any shares that are purchased are usually cancelled, although they could be placed into treasury. The authority will continue until the expiry of 18 months from the date of the passing of the resolution unless it is varied, revoked or renewed prior to that by the Company in general meeting by special resolution. The Board intends to seek a renewal of such authority at subsequent AGMs.

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your ordinary shares in F&C Global Smaller Companies PLC please forward this document, together with the accompanying documents, immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of shares, you should retain these documents.

# Annual General Meeting (continued)

## **Amendments to the articles of association (Resolution 10)**

The Board is seeking to amend the articles of association to reflect certain provisions of the Companies Act 2006 ("CA2006"). An explanation of the main changes between the proposed and existing articles of association is set out in Appendix 1 of this document.

The remaining provisions of the CA2006 are due to come into force in October 2009. However, various regulations that relate to certain of these provisions have yet to be finalised. Consequently, it will be necessary for the Company to undertake a further review of its articles in due course in order to reflect these other provisions. As these further changes to the articles will be reasonably substantial in number, it is anticipated that the Company will need to adopt new articles of association at its AGM in 2010 in order to fully reflect the final changes introduced by the CA2006.

## **Notice period for meetings (Resolution 11)**

The CA2006 provides that all general meetings (other than AGMs) can be convened on 14 days' notice where previously 21 days' notice was required for a general meeting to consider a special resolution. Your Board is of the view that it is in the Company's interests to have a shorter notice period which complies with these new provisions of the CA2006. Therefore one of the proposed amendments to the articles this year is to allow all general meetings (other than an AGM) to be called on 14 clear days' notice.

However, one of the requirements of the Shareholder Rights Directive (intended to be implemented in August 2009) is that all general meetings must be held on 21 clear days' notice, unless shareholders agree to a shorter notice period. The passing of Resolution 11 would constitute shareholders' agreement for the purposes of the Shareholder Rights Directive (which agreement is required annually) and would therefore preserve the Company's ability to call general meetings (other than an AGM) on 14 clear days' notice, should Resolution 10 be passed.

## **Form of proxy**

Registered shareholders will find enclosed a form of proxy for use at the AGM. You will also have the option of lodging your proxy vote using the internet. For shares held through CREST, proxy appointments may be submitted via the CREST proxy voting system. Please either complete, sign

and return the form of proxy in the envelope provided as soon as possible in accordance with the instructions or lodge your proxy vote via the internet or the CREST proxy voting system whether or not you intend to be present at the AGM. This will not preclude you from attending the AGM and voting in person if you wish to do so.

A proxy appointment should in any event be submitted so as to be received not later than 48 hours before the time appointed for holding the AGM.

## **Form of direction and proportional voting**

If you are an investor in any of the F&C savings plans, you will find enclosed a form of direction for use at the AGM and you also have the option of lodging your voting directions using the internet. The Manager operates a proportional voting arrangement for the F&C savings plan. Under this arrangement, the nominee company, which holds 48% of the share capital on behalf of these investors, will vote the shares held on behalf of plan holders who have not returned their voting directions in proportion to those who have. This arrangement will apply at the AGM, subject to a minimum threshold of 5% of the shares held in the F&C savings plans being voted. A maximum limit of 50,000 shares that any one individual investor can vote, being approximately 5% of the relevant minimum threshold, will also apply. Any individual voting directions received in excess of the maximum limit will remain valid, but will not form part of the proportional voting basis. Planholders may exclude their shares from the proportional voting arrangements if they wish.

All voting directions should be made as soon as possible in accordance with the instructions given on the form of direction and, in any event, not later than 96 hours before the time appointed for holding the AGM so that the nominee company can submit a form of proxy before the 48 hour period begins.

## **Recommendation**

Your Board considers that the resolutions to be proposed at the AGM are in the best interests of shareholders as a whole and recommends that shareholders vote in favour of each resolution, as the Directors intend to do in respect of their own beneficial holdings.

**By order of the Board  
F&C Management Limited  
Secretary  
29 June 2009**

## Appendix 1: Summary of amendments to articles of association

The CA2006 has reduced the time period for the calling of general meetings (as described below) and further provisions of the CA2006 will come into force on 1 October 2009. It is proposed that amendments be made to the articles to reflect certain of these new provisions. Save for the amendment in relation to notice periods (which will have effect from the passing of Resolution 11), these amendments will take effect from 1 October 2009.

The principal amendments proposed to be made by Resolution 10 are as summarised below:

### **Reduction of significance of memorandum of association**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake.

The CA2006 significantly reduces the constitutional significance of a company's memorandum, providing that a memorandum of association will only record the names of the subscribers and the number of shares each subscriber has agreed to take in the company. Under the CA2006 the objects clause and all other provisions which are currently contained in a company's memorandum will be deemed to be contained in a company's articles of association (but the company may then remove these provisions by special resolution).

The CA2006 also states that, unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason, the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the CA2006, are to be treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 10 confirms the removal of these provisions for the Company. As a result of the removal of these provisions, Resolution 10 provides that the objects clause relating to pensions and benefits, currently cross-referred to in Article 106, is now inserted into Article 106. Furthermore, as the effect of Resolution 10 will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the proposed amendments to the articles of association also

contain an express statement regarding the limited liability of the shareholders.

### **Statement of limited liability in articles, not memorandum of association**

Under the CA2006, a company's constitution must state that the liability of the company is limited, in order for the company to benefit from limited liability. The articles of association of the Company will state that the liability of the Company is limited to the amount of its paid up share capital, since there will no longer be such a statement included in the memorandum of association of the Company.

### **Deletion of reference to authorised share capital**

The CA2006 abolishes the requirement for a company to have an authorised share capital and the proposed amendments reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the CA2006, save in respect of employee share schemes.

### **Notice period for calling general meetings**

The provisions in the current articles of association dealing with the length of notice required to convene general meetings are being amended to conform to new provisions in the CA2006. In particular, all general meetings (other than AGMs) can be convened on 14 days' notice where previously 21 days' notice was required for a general meeting to consider a special resolution.

## Appendix 2: Full details of amendments to articles of association

If Resolution 10 is passed, the articles of association of the Company would be amended as follows:

- (a) with immediate effect, by deleting the existing Article 55.1 and substituting therefor the following new Article 55.1:  
“55.1 An annual general meeting and a general meeting shall be convened by such notice as may be required by law from time to time.”; and
- (b) with effect from 00:01a.m. on 1 October 2009:
  - (i) by inserting the following new Article 2A:

### **“2A Limited liability**

2A.1 The liability of the members is limited to the amount, if any, unpaid on their shares.”;

- (ii) by deleting Article 5.1 in its entirety;
- (iii) by deleting the words “The holders of the Preference Shares and the Ordinary Shares” from Article 5.2 and substituting therefor the following words:  
  
“The holders of Cumulative Preference Shares of £1 each (“Preference Shares”) and Ordinary Shares of 25 pence each (“Ordinary Shares”)”;
- (iv) by deleting the words “unissued shares at the date of adoption of these Articles and any shares hereafter created shall be at the disposal of the Board, which” after the words “required by CA 1985,” in Article 6.1 and substituting therefor the words “the Board”;
- (v) by deleting the word “them” from Article 6.1 and substituting therefor the word “shares”;
- (vi) by deleting the existing Article 45 and substituting therefor the following new Article 45:

### **“45 Consolidation and sub-division**

45.1 The Company in general meeting may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares; and
  - (b) subject to the provisions of CA2006, sub-divide its shares or any of them into shares of a smaller amount, and may by such resolution determine that, as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to new shares.”;
- (vii) by deleting the words “provided that the necessary unissued shares are available,” in Article 46.1(b);
  - (viii) by deleting from Article 106 the words “contained in clause 4(o) of the Memorandum of Association of the Company” and substituting therefor the following (being the wording contained in such clause 4(o)):

“to establish and maintain or procure the establishment and maintenance of, or to participate or join in, any non-contributory or contributory pension or superannuation funds for the benefit of, and to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied to or associated with the Company or with any such subsidiary company, or who are or were at any time Directors or officers of the Company or any of such other company as aforesaid and the wives, widows, families and dependants of any such persons, and also to establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well being of the Company or of any such other company as aforesaid or of any such persons as aforesaid, and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object, and to do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.”;

- (ix) by deleting the words “, the Memorandum of Association of the Company” and “of the Memorandum of Association or” in Article 107.1;
- (x) by deleting the word “unissued” after the words “the appropriate number of” in Article 145.1(g);
- (xi) by deleting the words “memorandum or” after the words “capital profits in its” in Article 148.2; and
- (xii) by deleting the word “unissued” from both places where it appears in Article 149.1.

# Notice of Annual General Meeting

Notice is hereby given that the one hundred and twentieth annual general meeting of the Company will be held at The Chartered Accountants' Hall, One Moorgate Place, London EC2 on Thursday 30 July 2009 at 12 noon for the following purposes:

## Ordinary business

1. To receive and adopt the Directors' report and accounts for the year ended 30 April 2009.
2. To approve the Directors' Remuneration Report.
3. To declare a final dividend.
4. To re-elect Anthony Townsend as a Director.
5. To re-elect Dr Franz Leibenfrost as a Director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors to the Company.
7. To authorise the Directors to determine the remuneration of the auditors.

## Special business

To consider and, if thought fit, pass the following resolution as a special resolution:

8. THAT:
  - (a) the Directors be and they are hereby:
    - (i) generally and unconditionally authorised, in accordance with section 80 of the Companies Act 1985 (the "Act"), to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £523,300 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the annual general meeting of the Company in 2010 (the "relevant period"), provided that there shall be deducted from such aggregate nominal amount the aggregate nominal amount of any shares held by the Company in treasury which are sold or otherwise transferred during the relevant period; and
    - (ii) empowered, pursuant to section 95 of the Act, to allot equity securities (within the meaning of section 94 of the Act) pursuant to the authority referred to in paragraph (a) (i) of this resolution, and/or to transfer equity securities which are held by the Company in treasury, during the relevant period, up to an

aggregate nominal amount of £523,300, in each case as if section 89(1) of the Act did not apply to any such allotment, or transfer,

but so that this authority and power shall enable the Company to make offers or agreements which would or might require relevant securities or equity securities to be allotted or transferred after the expiry of this authority and power and notwithstanding such expiry the Directors may allot or transfer relevant securities and/or equity securities in pursuance of such offers or agreements;

- (b) all authorities and powers previously conferred under section 80 or section 95 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect; and
- (c) words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.

To consider and, if thought fit, pass the following resolution as a special resolution:

9. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of section 163 of the Act) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") on such terms and in such manner as the Directors may from time to time determine, provided that:
  - (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 6,275,700;
  - (b) the minimum price which may be paid for an ordinary share shall be 25p;
  - (c) the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the date on which the ordinary share is contracted to be purchased;
  - (d) the minimum and maximum prices per ordinary share referred to in sub-paragraphs (b) and (c) of this resolution are in each case exclusive of any expenses payable by the Company;
  - (e) the authority hereby conferred shall expire on the date which is 18 months after the passing of this

resolution, unless such authority is varied, revoked or renewed prior to such time by the Company in general meeting by special resolution; and

- (f) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be completed or executed wholly or partly after the expiry of such authority.

To consider and, if thought fit, pass the following resolution as a special resolution:

10. THAT:

- (a) with effect from 00:01 a.m. on 1 October 2009, the articles of association of the Company be and are hereby amended by deleting all the provisions of the memorandum of association of the Company which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the articles of association of the Company; and
- (b) the articles of association of the Company be and are hereby amended in the manner set out in Appendix 2 of the circular to shareholders (containing a notice of this meeting) dated 29 June 2009.

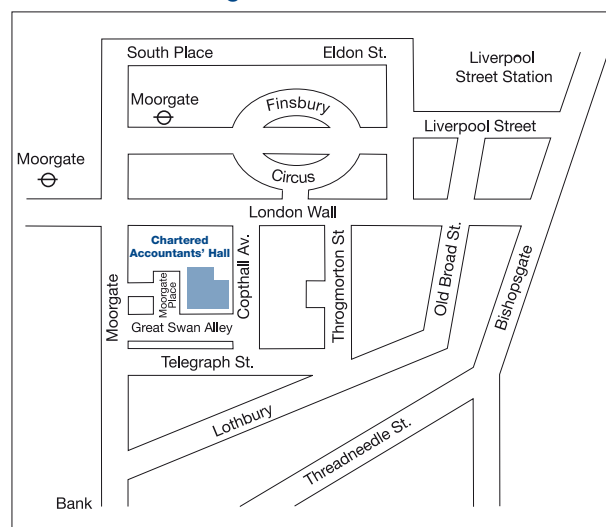
To consider and, if thought fit, pass the following resolution as a special resolution:

- 11. THAT a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board  
F&C Management Limited  
Secretary  
29 June 2009

Registered office:  
Exchange House  
Primrose Street  
London EC2A 2NY

## Location of meeting



## Notes

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company at 11 p.m. on 28 July 2009 (the "specified time") shall be entitled to attend and vote or be represented at the meeting in respect of the shares registered in their name at that time. Changes to entries on the register of members after the specified time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

If the meeting is adjourned to a time not more than 48 hours after the time applicable to the original meeting, the specified time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at 11 p.m. on the day which is two days before the day of the adjourned meeting, or, if the Company gives notice of the adjourned meeting, at any time specified in that notice.

A member entitled to attend, speak and vote at the meeting may appoint one or more proxies to attend, speak and vote instead of him/her. A proxy need not be a member of the Company. The proxy form includes details on how to appoint more than one proxy. You may not appoint more than one proxy to exercise rights attached to any one share. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority. Any such person holding 3% or more of the voting rights in the Company who appoints a person other than the

# Notice of Annual General Meeting (continued)

Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

As at 22 June 2009, the latest practicable date prior to publication of this document, the Company had 41,865,918 ordinary shares in issue with a total of 41,865,918 voting rights. No shares are held in Treasury.

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notorially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not less than 48 hours before the time appointed for the holding of the meeting. Alternatively, proxy votes can be submitted electronically at [www.eproxyappointment.com](http://www.eproxyappointment.com) by entering the Control Number, Shareholder Reference Number and PIN printed on the form of proxy. Proxy votes must be submitted electronically not less than 48 hours before the time appointed for holding the meeting.

To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the Company's agent (ID number 3RA50) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Investors holding shares in the Company through the F&C savings plans should ensure that forms of direction are returned to Computershare Investor Services PLC not later than 96 hours before the time appointed for holding the meeting. Alternatively, voting directions can be submitted electronically for all plans other than the Pension Savings Plan at [www.eproxyappointment.com](http://www.eproxyappointment.com) by entering the Control Number, Shareholder Reference Number and PIN printed on the form of direction. Voting directions must be submitted electronically not less than 96 hours before the time appointed for holding the meeting.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 147 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

The register of Directors' holdings, Directors' terms of appointment letters and a deed poll in relation to Directors' indemnities are available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof. No Director has any contract of service with the Company.

The final dividend in respect of the year ended 30 April 2009, if approved, will be paid on 6 August 2009 to holders of ordinary shares on the register at the close of business on 3 July 2009.

The members of the Company may require the Company to publish, on its website, a statement setting out any matter relating to the audit of the Company's accounts, including the Independent Auditors' Report and the conduct of the audit. The Company will be required to do so once it has received such requests from either members representing at least 5% of the total voting rights of all the members who have a relevant right to vote (excluding any voting rights attached to any shares of the Company held as treasury shares) or at least 100 members who have a relevant right to vote and hold shares in the Company on which there has been paid up an average sum, per member, of at least £100.